

Message Text

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41

ORIGIN EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 IO-13

ACDA-19 MBFR-03 SAJ-01 TRSE-00 OMB-01 /131 R

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7/23/73 EXT. 20270

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OSD/ISA:MR. BARRAINGER

OSD/ISA:COL. ACKERSON

EUR:MR. STABLER

S/S-MR. GAMMON

----- 073913

R 271607Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY BONN

USAREUR

USAFE

EUCOM

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E.O. 11652: N/A

TAGS: MARR, GW

SUBJECT: LAND TAXES - FRG

REF: (A) BONN 8957 (B) STATE 62094

1. WE DO NOT CONSIDER IT ADVISABLE TO CON-
SIDER INCLUDING DISPUTED LAND TAX ISSUES UNDER OFFSET
AGREEMENT. WE SEE ESSENTIAL DIFFERENCE BETWEEN NAF LAND
TAXES ISSUE AND THOSE ITEMS WHICH HAVE BEEN SUBJECT OF PAST
OFFSET AGREEMENTS. IN LATTER CASE, THE UNITED STATES
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ACKNOWLEDGES A LEGAL OBLIGATION TO FUND THE COST INVOLVED;

WHILE FOR LAND TAXES ON NAF ACTIVITIES, THE US RECOGNIZES NO SUCH OBLIGATION. ARGUMENTS RECENTLY CONVEYED BY EMBASSY TO FONOFF, AS AUTHORIZED BY REF (B), REPRESENT IN OUR VIEW STRONG LEGAL CASE THAT USG IS NOT OBLIGATED UNDER ARTICLE 63 OF SUPPLEMENTARY AGREEMENT, TO PAY OR REIMBURSE FRG ON NAF PROPERTY UTILIZED BY US FORCES. IN THIS CONNECTION, WHILE REF (A) REPORTS FRG ADHERED TO ITS ORIGINAL LEGAL POSITION, WE AS YET HAVE NO EVIDENCE OF GERMAN COUNTER ARGUMENTS TO REBUT US LEGAL POSITION.

2. IN ADDITION, INCLUDING LAND TAX ISSUE UNDER CURRENT OFFSET AGREEMENT DOES NOT REPRESENT REAL SETTLEMENT OF PROBLEM BUT ONLY SHORT RUN RELIEF AND POSTPONEMENT OF MATTER FOR ADDITIONAL TWO YEAR PERIOD. GERMANS HAVE OFFERED NO REAL ASSURANCE THAT, IN INTERIM, CHANGE IN LAND TAX LEGISLATION ON ALL INSTALLATIONS OTHER THAN FAMILY HOUSING WILL MATERIALIZE. ON CONTRARY THEY HAVE EXPRESSED ONLY WILLINGNESS QUOTE CONSIDER UNQUOTE SUCH LEGISLATION AND HAVE CAUTIONED THAT IDEA FACES LEGISLATIVE VICISSITUDES AND IS VULNERABLE TO OPPOSITION. MOREOVER, INJECTION OF THIS ITEM INTO BILATERAL OFFSET AGREEMENT MIGHT TEND TO DEPRECIATE THE VALUE OF AGREEMENT IN THE EYES OF CONGRESS.

3. ACCORDINGLY, EMBASSY REQUESTED NOW RAISE US POSITION ON LAND TAX AT LEVEL MOST LIKELY TO ACHIEVE FAVORABLE OUTCOME, INDICATING THAT WE BELIEVE IT NECESSARY TO SEEK EARLY PERMANENT SOLUTION TO LAND TAX ISSUE WHICH HAS BECOME ADDITIONAL IRRITANT IN ADMINISTRATION'S RELATIONS WITH CONGRESS ON QUESTION OF US TROOPS STATIONED IN GERMANY. (WE WOULD PREFER, IF POSSIBLE, TO SEE THE ISSUE RESOLVED PARALLEL TO OFFSET NEGOTIATIONS SO AS TO AVOID LEAVING IT UNSETTLED AFTER OFFSET AGREEMENT REACHED. EVEN SHOULD WE FAIL, HOWEVER, WE COULD POINT OUT THAT ISSUE OF THIS KIND WOULD BE LIKELY TO COMPLICATE OUR PROBLEMS WITH CONGRESS ON BROAD ISSUE OF TROOP STATIONING.)

4. WE PREFER TAKE NO FINAL POSITION ON POSSIBILITY INCLUDING, UNDER OFFSET AGREEMENT, LAND TAXES ON FAMILY HOUSING, FOR WHICH OUR LEGAL OBLIGATION TO PAY IS CLEAR, LIMITED OFFICIAL USE

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UNTIL US POSITION ON FORTHCOMING OFFSET ARRANGEMENTS HAS FURTHER EVOLVED.

5. DEFENSE CONCURS. ROGERS

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